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SIPDIS

C O R R E C T E D C O P Y // P A R A M A R K I N G //

DEPT FOR EUR/NCE - AJENSON
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STATE PASS USTR - LERRION
USDOC FOR ITA/EUR/CEED/KNAJDI
USDOC FOR TCC/4110/BVAUGHAN/MROLLIN
USDA FOR ITP/FAS/CBERTSCH

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: ETRD ECON EAGR PREL RO
SUBJECT: ROMANIA REQUESTS NEGOTIATIONS TO REPLACE BILATERAL TRADE
AGREEMENT

¶1. (U) This cable is an action request. See paragraph four.

¶2. (SBU) Ministry of Foreign Affairs officials met with Econoffs on November 27 to formally request negotiations on a replacement to the current bilateral Agreement on Trade Relations (BTA). The MFA is proposing that the current BTA, signed in 1992, be replaced with an EU-compliant Agreement on Economic Cooperation, the terms of which would be established through bilateral discussion. The text of the note verbal, as well as a proposed text of a new agreement, follows below.

¶3. (SBU) Director of the MFA's Office of Community Law Ion Galea made clear that Romania was responding to European Commission (EC) demands to bring all agreements into compliance with the acquis. He indicated that no specific components of the existing BTA were identified as problematic, but that trade relationships are now the purview of the European Commission. The MFA, along with the Ministry of Economy, had sought to capture important elements of US-Romania trade relations in the new proposed text. Certain elements in Articles I, IV and V went beyond standard text, Galea claimed. The MFA is open to suggestions for additional text, and hopes to conclude discussions in the first half of 2007. Galea noted that the EC reviewed the proposed text (below) and will review a final text to ensure compliance with EU requirements.

¶4. (U) ACTION REQUEST. Post requests Washington entities review the attached proposal and provide a coordinated response.

¶5. (U) BEGIN TEXT OF NOTE VERBAL:

ROMANIA - THE MINISTRY OF FOREIGN AFFAIRS

No. H2-1-1/1395

The Ministry of Foreign Affairs of Romania presents its compliments to the Embassy the United States of America and has the honor to communicate the following:

Taking into consideration that Romania shall accede to the European Union on 1 January 2007, and the fact that, in conformity with article 6.10 of the Act on the Conditions of Accession, annexed to the Treaty of Accession of Romania to the European Union, signed in Luxembourg, on 25 April 2005, Romania has to bring into conformity with European Community law the international treaties it is a party to, it shall be necessary that all bilateral treaties containing

provisions on trade or commercial cooperation be made compatible with the Community legislation with effect from the date of accession of Romania to the European Union. This harmonization is motivated by the fact that Romania shall transfer to the European Union, after the date of accession, the competence of regulating international aspects related to trade, within the framework of the European Union common commercial policy.

Therefore, the Romanian side proposes to the American side to conclude a new Agreement on Economic Cooperation, which shall replace the Agreement between the Government of Romania and the United States of America on Commercial Relations, signed on 3 April 1992, in Bucharest.

The Romanian side would appreciate if the American side agrees to commence negotiations on the basis of this proposal as soon as possible.

The Ministry of Foreign Affairs of Romania takes this opportunity to renew the Embassy of the United States of America the assurances of its highest consideration.

27 November 2006

END TEXT OF NOTE VERBAL.

16. (U) BEGIN TEXT OF PROPOSED ECONOMIC COOPERATION AGREEMENT:

Agreement between the Government of Romania and the Government of the United States of America on the economic cooperation

Preamble

The Government of Romania and the Government of the United States of America, hereinafter referred to as the "Contracting Parties,"

Conscious of their traditional and strong economic ties as well as shared perceptions on various issues of joint interest that have developed through fruitful and mutually beneficial cooperation;

Willing to establish an appropriate framework for a constant dialogue having in view the formulation of appropriate measures for enhancing the economic relations, in the benefit of both countries,

Resolved to consolidate, deepen and diversify their economic relations to the full extent of their growing capacity on the basis of mutual benefit;

Recognizing that the economic partnership would create a dynamic dialogue on various economic aspects of joint interest, sustaining the economic development of both countries, improving economic efficiency and consumer welfare;

Convinced that stronger links between the Contracting Parties would provide greater opportunities and a regulated environment for economic collaboration;

Have agreed upon the following:

Chapter I

General Provisions

Article 1

The Contracting Parties, in the light of their capabilities and long-term economic aspirations, shall encourage bilateral co-operation in all fields deemed suitable in the economic sector.

Among the objectives of such co-operation shall be:

- a) the development and prosperity of their respective industries;
- b) the encouragement of economic cooperation between the companies and institutions from Romania and the United States of America;
- c) the protection and improvement of the environment;

d) generally to contribute to the development of their respective economies and standards of living.

Article 2

The economic relations will be developed under this Agreement by promoting the activities related to sectors especially and without limitation as the following:

energy, oil and gas, infrastructure, automotive, machinery, communications, IT, aviation.

The cooperation in the above-mentioned areas will encourage the development of business contacts between companies of the two countries, the mutual information on the legislation in force or the identification of specific projects and sectors of potential interest for joint collaboration.

The exchange of public and private sector experts, technicians, investors and business representatives will be facilitated as well as the transfer of materials, equipment and know-how necessary for the fulfillment of the activities falling within the scope of this Agreement.

Chapter II

Forms of economic cooperation

Article 3

The Parties shall cooperate at an inter-governmental level in order to promote and keep under review the various economic activities as well as to implement the present Agreement.

Article 4

In order to facilitate the implementation and to further the general aims of the present Agreement the Contracting Parties shall, among others:

- a) examine the evolution and prospects of the bilateral economic relations,
- b) encourage cooperation in areas of mutual interest through facilitating contacts between companies from the two countries, identifying specific projects and sectors of potential interest for joint cooperation,
- c) inform their respective business communities of investment opportunities in the state of other Contracting Party,
- d) inform each other on the laws and regulations in force which pertain to or affect the application of the present Agreement,
- e) promote and enhance private and public sectors' economic cooperation, in accordance with the Contracting Parties' international obligations, in full respect of the intellectual property rights and in accordance with the Contracting Parties' economic and development policies and priorities,
- f) periodically evaluate the implementation of this Agreement.

Article 5

In order to identify and facilitate business opportunities and new forms of economic, scientific and technical cooperation, the Contracting Parties shall:

- a) assist the establishment and operation of new representation offices, branch offices, joint chambers of commerce and other economic entities in conformity with the legislation of the Contracting Parties;
- b) promote and support economic and investment missions, fairs, exhibitions, seminars, symposiums and other similar activities;

c) support financial institutions and banks from the two Contracting Parties to establish contacts or strengthen their cooperation, promote the participation of small and medium enterprises to the fulfillment of the objectives of this Agreement, encourage investment activities, creation of joint enterprises and branches.

Chapter III

Consultations

Article 6

For the purpose of settling disputes, the concerned Contracting Party may submit a written request for consultation.

The consultations shall take place within maximum thirty days after the receipt of the written request.

Chapter IV

Final Provisions

Article 7

This Agreement shall enter into force on the date on which the Government of Romania and the Government of the United States of America shall notify each other on the fulfillment of the internal procedures concerning its approval and entering into force.

This Agreement shall remain in force for a period of five years and shall be automatically renewed for consecutive periods of five years, unless one Contracting Party notifies the other, in written form, of its intention not to renew the Agreement.

Article 8

Each Contracting Party may terminate the Agreement by giving a written notice of such intention to the other Contracting Party. In such case, the Agreement shall be terminated upon the expiration of a six months period from the date of the receipt of the said notice.

Termination of this Agreement before expiration of the validity period shall not cause termination of the projects agreed upon during its validity period.

Article 9

This Agreement may be amended by mutual consent of the Contracting Parties, expressed in written form.

Article 10

The provisions of the present Agreement are without prejudice to the international obligations of the Contracting Parties. It shall apply without prejudice to the obligations which will flow from the membership of Romania to the European Union.

The Agreement cannot be interpreted or invoked in a way so as to rescind or otherwise affect the obligations arising from any agreements concluded between the EC or the EC and its Member States on the one part and the United States of America on the other.

At the date of the accession of Romania to the European Union the Agreement on Commercial Relations between the Government of Romania and the Government of the United States of America, signed on April 3, 1992 in Bucharest shall cease its validity.

At the date of the entry into force of the present Agreement, the Long Term Industrial, Economic and Technical Cooperation Agreement between the Government of Romania and the Government of the United States of America, signed on November 21, 1976 in Bucharest shall cease its validity.

Signed in.... on...in four originals, two in English and two in Romanian, all texts being equally authentic.

For the Government of
Romania

For the Government of
the United States of America

END TEXT OF ECONOMIC COOPERATION AGREEMENT.

TAUBMAN